

Rating Action: MOODY'S PLACES KAZAKHSTAN TEMIR ZHOLY'S FOREIGN CURRENCY Baa3 RATING UNDER REVIEW FOR POSSIBLE UPGRADE.

Global Credit Research - 08 May 2006

Milan, May 08, 2006 -- Moody's Investors Service placed the Baa3 Foreign currency issuer rating of Kazakhstan Temir Zholy (KTZ) on review for possible upgrade. This follows an earlier decision by Moody's to place the Republic of Kazakhstan's foreign currency ceiling and bond ratings of Baa3, with positive outlook, on review for possible upgrade. At the same time, the rating agency changed the outlook on KTZ's A3 local currency issuer rating from positive to stable, which also reflects an earlier sovereign rating action which changed Kazakhstan's Baa1 local currency bond rating from positive to stable.

In accordance with Moody's GRI methodology, the rating of KTZ reflects the combination of the following inputs:

- Baseline credit assessment ("BCA") of 5 (on a scale of 1 to 6, where 1 represents lowest credit risk)
- Baa1 local currency rating of the Kazakhstan government
- Medium dependence
- High support

Moody's assessments of KTZ's baseline credit risk, default dependence, and government support remain unchanged at this stage. The rating action therefore solely reflects the impact of the sovereign ratings action, as applied through Moody's GRI rating methodology. An upgrade of the Kazakhstan government ratings would lead to an upgrade of the issuer rating of KTZ

COMPANY SUMMARY

Based in Astana, City, (Kazakhstan), KTZ is the monopoly operator of the rail network in Kazakhstan and is the country's leading provider of freight services and passenger services.

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